

STATE REPRESENTATIVE • 12th DISTRICT

Mike Armstrong

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Property tax deferrals

If you are at least 60 years of age on Dec. 31 of the year you apply, or retired because of a physical disability – and your income is \$40,000 or less – you may qualify for property tax deferrals. The state allows property tax deferrals up to 80 percent of the equity in your home. The deferral program applies to your principal residence and up to five acres. Mobile homes may qualify, even if you do not own the land where your mobile home sits.

Under this program, you pay no property tax until the home is sold. The state pays the deferred taxes and, in exchange, receives a lien against the property equal to the amount of owed taxes plus 5 percent. Total taxes are collected when the property is sold or passed on.

Property tax exemptions for ALL homeowners

You don't necessarily have to be disabled or a senior citizen to qualify for property tax relief. The Legislature has also provided certain tax exemptions for all homeowners. These exemptions include:

• Remodeling

If you improve your single family residence such as adding a new room, deck or patio, you may qualify for a three-year exemption on the value of the improvements. Normal maintenance does not qualify. This exemption is available to all homeowners.

Be sure to contact the assessor's/treasurer's office BEFORE you finish your remodel project. Otherwise, you won't get the break.

• Damaged/Destroyed Property

If your property is damaged or destroyed, you may qualify for a reduced assessed value for taxes payable in the following year.

• Current Use/Open Space program

Owners of agricultural, open space or timberland may qualify for reduced assessed value under the current use/open space program. Please note that taxes, penalties and interest charges may apply when property is removed from this classification.

Contact your assessor's office to see if you qualify and for details on how to sign up for these exemptions.



State Representative
Mike Armstrong

P.O. Box 40600
Olympia, WA 98504-0600

*Tackling rising
property taxes*

EMPOWERING HOMEOWNERS
LIKE YOU WITH THE
INFORMATION YOU NEED
TO REDUCE YOUR
PROPERTY TAXES

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January 2008

Dear friends and neighbors,

When I think of important issues that add to the quality of life, one of them is home ownership. I believe it is the Legislature's duty to ensure that families aren't being taxed out of their homes and to keep property tax increases under control to encourage home ownership.

I am very pleased that the Legislature acted in November to restore the 1 percent levy limit of Initiative 747 that had been tossed out by the Washington State Supreme Court. Unfortunately, it was only part of the solution as local taxing districts have built up "banked capacity," which could allow them to surpass the 1 percent limit in the future. That could mean higher property taxes for you.

We're now approaching the middle of a 60-day legislative session — and the top priority on my list for 2008 is property tax relief.

In this brief update, you'll find information about where we've been in the property tax debate, and where I believe we must go to ensure that people are not forced from their homes by skyrocketing property tax bills.

In addition, I've also provided information about ways you might be able to save on your current property tax bill, especially if you are a senior citizen or are disabled.

As always, I'm interested in hearing from you about this or any other issue regarding state government. You may call or write my office using the address/phone information listed below.

Thank you for allowing me to serve you!


Rep. Mike Armstrong
12th District

P.O. Box 40600
Olympia, WA 98504-0600
(360) 786-7832

Toll-free Legislative Hotline: 1-800-562-6000

To e-mail me or for more legislative news and information, please visit my website at:
<http://www.houserepublicans.wa.gov/Armstrong>

Property taxes – A long history

Property taxes have been a part of state and local government revenues since 1889, and go all the way back to when Washington was a territory. Property taxes are assessed on all real property (land, buildings) and major forms of personal property (machinery, business and farm equipment, etc.).

State property taxes are deposited into the state general fund while local property taxes are used for general government services, such as public safety, libraries and parks. The revenue from these taxes is also used for local schools.

Combined state and local property tax levies in 2005 were more than \$6.86 billion. More than 1,700 entities have property tax authority in the state. Each county assessor is responsible for determining assessed value of all real and personal property while the county treasurer is responsible for collecting the money.

Voter-approved changes hold the line

In 1971, a law was passed that limited annual increases in local regular property tax levies (those that do not need voter approval) to 6 percent.

In 1972, voters approved a constitutional amendment capping regular property taxes at 1 percent of fair market value. Since property taxes are expressed as a levy amount of \$1,000 per assessed value, the 1 percent limit means property taxes could be no more than \$10 per \$1,000 assessed value. Ports and public utility districts are exempt from this limit.

Voters can also approve property taxes in excess of 1 percent, but only if 60 percent say yes, with strict guidelines for voter turnout defined. (In November, voters passed House Joint Resolution 4204 which allows school excess levies to pass with only 50 percent voter approval.)

Recent initiatives and referenda have further limited the yearly growth rate of regular property taxes. In 1997, voters approved Referendum 47, which changed the way property taxes are calculated.



Initiative 722, passed by voters in 2000, further limited property tax increases to 2 percent per year or the rate of inflation, whichever was lower. The measure also eliminated “banked capacity” which had allowed taxing districts to “bank” unused levy capacity and use it at a later date. I-722 was later ruled unconstitutional by the Washington State Supreme Court.

Rep. Mike Armstrong speaks on the House floor about the need to reduce the tax burden against homeowners.

Initiative 747 – Voter-approved, court-rejected, Legislature reinstated

In 2001, voters approved a new 1 percent cap on annual regular property tax increases through Initiative 747. The initiative limited the yearly growth of property tax levy increases to 1 percent. The cap applies to property tax levies as a whole for a district, not an individual’s property tax bill. The measure passed with nearly 58 percent voter approval.



On Nov. 8, the Washington State Supreme Court ruled I-747 unconstitutional, saying voters didn’t know what they were voting for. On Nov. 29, the Legislature met in special session in Olympia and approved House Bill 2416 reinstating the 1 percent levy limit.

I also supported a \$400 property tax rebate for every homeowner who paid taxes in 2007. Unfortunately, the majority party would not allow this legislation to advance.

Property tax issues in the 2008 session

Banked capacity

While reinstatement of the 1 percent levy limit is a victory for taxpayers, I am still concerned the Legislature failed to provide another necessary protection against increases larger than 1 percent due to “banked capacity.” Under current law, any local government that does not levy an increase in a year could “bank” that amount for a future year, allowing them the opportunity for future increases greater than 1 percent. Some cities, counties and special taxing districts have stockpiled that banked capacity, which means that even though the Legislature has adopted a 1 percent levy limit, they are still able to use that capacity, resulting in increases significantly higher than 1 percent.

To protect taxpayers, I am supporting legislation that would require voter approval before local governments could use their banked capacity.

Levy lid lift interpretation

I believe the Department of Revenue (DOR) wrongly interpreted property tax legislation passed during the 2007 session — a decision which could also result in permanent tax increases on Washington homeowners and businesses. The department said that all levy lid lifts are permanent unless expressly noted as temporary. I am supporting legislation to fix this problem and protect taxpayers from permanent tax increases.



I’m also interested in your thoughts about property taxes. Please contact my office to share your views, questions and ideas. My phone number and e-mail address are listed on the front page of this mailer.

Are you getting the property tax breaks you deserve?

Although the debate over property taxes continues in Olympia, some tax relief is available now for qualifying senior citizens and disabled persons, and in some cases, tax exemptions are available for all property owners. Take a look to see if you qualify, and if so, I encourage you to call the county assessor’s office to apply for this tax relief.

How can I get property tax relief now?

Qualifying citizens are entitled to property tax exemptions on their principal residence and up to five acres of land. Mobile homes may also qualify. The value of the residence is frozen at its value on Jan. 1 of the year in which you first qualify for the program, or Jan. 1, 1995, whichever is later.

You may qualify for property tax exemptions if:

- You are at least 61 years of age or disabled;
- You occupy your home for more than six months each year; and
- Your combined household income does not exceed \$35,000.

Certain health care expenses may be deducted when calculating your income. You also can remain eligible for tax relief if you are confined to a hospital, nursing home, boarding home, or an adult family home if your residence is rented to pay the costs.

If you meet these qualifications and your combined household income is \$30,001 to \$35,000, you would be eligible for an exemption on all excess levies (special school levies are an example). If your income is between \$25,001 to \$30,000, the exemption applies to all excess levies and regular levies on the greater of \$50,000 or 35 percent of assessed valuation (\$70,000 maximum). If your income is less than \$25,000, the exemption applies to all excess levies and regular levies on the greater of \$60,000, or 60 percent of assessed valuation.

To apply for these programs, contact your county assessor’s office today.

Chelan County Assessor	(509) 667-6365
Douglas County Assessor	(509) 745-8521
Grant County Assessor	(509) 754-2011 ext. 325
Okanogan County Assessor	(509) 422-7190

What are your thoughts?

I’d like to hear from you regarding property taxes or any other issue that involves state government. Please contact me and share your thoughts.

Rep. Mike Armstrong

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